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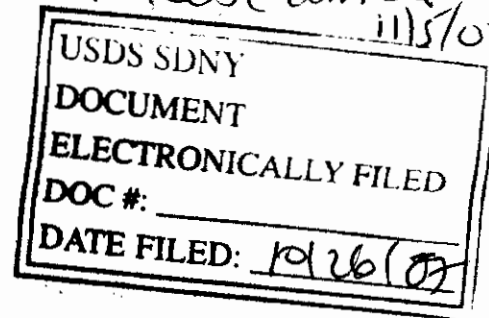
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October 25, 2007

VIA HAND DELIVERY

Honorable Richard J. Sullivan
United States District Court
Southern District of New York
500 Pearl Street, Room 615
New York, New York 10007

Re: Shama Gems, d/b/a Gem Int'l v. R&R Grosbard, Inc., et al.
Case No. 07 Civ. 9384 (RJS)

Dear Judge Sullivan:

MEMO ENDORSED

As the Court is aware, this firm represents plaintiff Shama Gems, Inc., doing business as Gem International ("Gem"). It is regrettably necessary to submit this letter due to defendants' resistance to constructively participate in and generate an expedited discovery schedule.

On October 22, 2007, the Court ordered an expedited discovery schedule, with narrowly tailored issues, in anticipation of a November 27th hearing on plaintiff's application for a preliminary injunction.

Your Honor further ordered that the parties to submit a joint proposed discovery and briefing schedule to the Court no later than today at 5:00 p.m. With regret, I must inform the Court that the parties are unable to agree to material terms of the limited, expedited, discovery schedule.

By way of background, in compliance with the Order, and mindful of the Court's admonition to only depose essential witnesses in view of the expedited discovery schedule, yesterday at approximately noon we submitted a letter to defense counsel requesting dates for the party depositions of 1a) Richard Grosbard or 1b) Robert Grosbard (whomever defendants deem to have the greatest knowledge of this litigation's subject matter, pursuant to Fed.R.Civ.P. 30(b)(6)), 2) Lloyd Pasach and 3) defendant Ritesh Shah, in addition to 4) defendants' expert(s) – as of yet still unidentified. Plaintiff further proposed that defendants' expert report be received by plaintiff on or before Monday, November 5, 2007, with the parties' expert rebuttals, if any, to be received on Wednesday, November 14, 2007.

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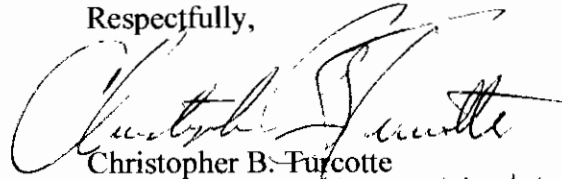
Finally, we proposed that defendants' opposition to plaintiff's motion for preliminary injunctive relief with temporary restraints be filed with the Court and received by plaintiff on or before Tuesday, November 20, 2007.

In response, by facsimile received yesterday at approximately 5:30 p.m., defendants raised completely tangential issues of sanctions, jurisdiction, service of process and the like – issues previously raised and considered by the Court. However, constructively, defense counsel only agreed to the proposed schedule for the filing of papers. While agreeing to make Mr. Pasach and Messrs. Grosbard available for deposition, contrary to the Court's instruction, defendants expressly refused to make employee Ritesh Shah available for deposition, asserting that as a defendant he "is not represented by [defense counsel] in this litigation".

Conversely when the issue of who defendants intended to depose was asked by the Court at Monday's hearing, defense counsel identified Navin Shah, relative to chain of custody issues concerning plaintiff's acquisition of the Remy Diamond, and Parag Shah, relative to his overall knowledge of the facts, in addition to plaintiff's expert Andrew Turi. Our letter provided available dates for Messrs. Shah and Turi. However, defendants now seek to increase the number of persons they wish to depose, articulating issues beyond the scope of the issues tailored by the Court, i.e. "each [of plaintiff's] declarant[s] to determine the source" of the plaintiff's Remy Diamond, in addition to deposing *at least* two identified, non-party witnesses, or no less than seven (7) persons in total.

Accordingly plaintiff respectfully asks the Court to order defendants to (i) produce Grosbard employee Ritesh Shah by a date certain, (ii) limit its expedited discovery and proposed deponents as previously instructed by the Court, and (iii) provide *all* available dates for plaintiff's requested deponents.¹

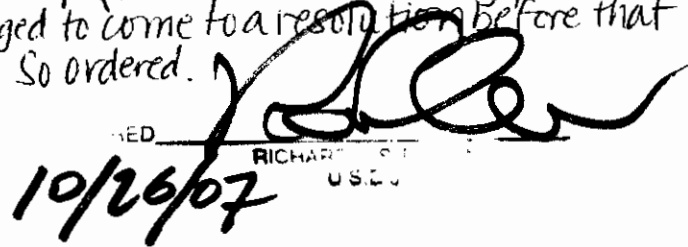
Respectfully,



Christopher B. Turcotte

The Court shall hold a teleconference with Counsel for all parties on Monday, October 29, 2007 at 4³⁰ p.m. The parties are strongly encouraged to come to a resolution before that time. So ordered.

cc: James V. Costigan, Esq. (via facsimile)



10/26/07

¹ To date, defendants have proposed a single date, November 13, 2007, to depose Richard Grosbard, Robert Grosbard and Lloyd Pasach.